

REDEVELOPMENT OPPORTUNITIES: RESHAPING URBAN LANDSCAPES

By

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Title: REDEVELOPMENT OPPORTUNITIES: RESHAPING URBAN LANDSCAPES

All around Eugene there is parking lot structures that remain partially unoccupied for the vast majority of time. These parking lots have a major influence on the shape of a city and are in part responsible for the downfalls associated with car usage – environmental degradation, traffic congestion, traffic accidents, physical fitness, health, etc.

In the last twenty years, some lots have incorporated drive-thru coffee stores occupying some parking spots near the ingress/egress zone. The emergence of these stores has not been widely covered and there is scarce literature about this phenomenon. In the city of Eugene there are nearly twenty stores, with the most recent one opened in May, 2008.

This study examines the emergence of drive-thru coffees stores in Eugene and poses several questions to be answered: are drive-thru coffee stores evidence of an exaggerated off-street parking supply? Are these stores pioneers into a redevelopment process of converting parking lots into different structures with higher end uses? This paper tries to find answers for these questions from the perspectives of store managers, lot owners and city officials.

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DEDICATION

Quisiera dedicar este trabajo a todos aquellos que me acompañaron durante este tiempo. A los que aguantaron mis locuras, mis vicios, y me brindaron todo su apoyo. A los que confiaron en mí, y me dieron el coraje y la fuerza para emprender nuevas empresas.

A mis amigos, a quienes tengo presente en todo momento por más que no siempre lo demuestre. A mi familia, que me educó y me dió todo su amor. Y por sobre todas las cosas a mis padres, Pablo y Cecilia, quienes me dieron todo (y más) para llegar hasta acá.

A todos ellos, siempre dispuestos a ayudarme sin exigir nada a cambio, sin más afán que un espíritu solidario y un afecto inconmensurable. No me alcanzarían las palabras para agradecerles todo lo que me han dado.

Por lo tanto, elijo tan solo una, corta pero fuerte. Una palabra que describe una emoción que ni el tiempo y la distancia podrán modificar jamás: Gracias.

Nicolás Enriori García

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CHAPTER I

INTRODUCTION

Gas prices, bus tickets prices, traveling distance, traffic conditions, and other factors have an enormous effect on the method of transportation people choose with various economic, social and environmental impacts depending on that decision. Another factor affecting their choice is the enormous parking lots that every shopping center in the United States offers to its customers, sub-consciously encouraging car usage by providing a free form of parking, and a convenient way of traveling. These parking lots have a major influence on the shape of a city and are in part responsible for the downfalls associated with car usage –environmental degradation, traffic congestion, traffic accidents, physical fitness, health, etc.

Many of these lots are partially empty for most days and are only entirely full a few times per year. In the last twenty years, some lots have incorporated drive-thru coffee stores occupying some spots near the entrance. The emergence of these stores has not been widely covered and there is scarce literature about this phenomenon. In Oregon, home of many companies such as Dutch Brothers and The Human Bean, there are more than one hundred drive-thru coffee shops. The phenomenon is expanding from the northwest and becoming a national trend.

Are drive-thru coffee stores evidence of an exaggerated off-street parking supply? Are these stores the pioneers into a redevelopment process of converting parking lots into different structures with higher end uses? This paper tries to answer these questions while looking at the emergence of drive-thru coffee stores in the city of Eugene, Oregon, and

by understanding the reasons behind the drive-thru phenomenon from the perspectives of store managers, lot owners and city officials.

CHAPTER II

LITERATURE REVIEW

The Parking Dilemma

All around Eugene there are parking lot structures that remain partially unoccupied for the vast majority of time. These huge asphalt islands are utilized inefficiently, yet in most cases have remained empty since their creation. The main reason for these inefficiencies is due to the fact that planners, developers and public administrators have overlooked planning for efficient parking usage for many years. Litman (2006) states that “conventional parking planning tends to focus primarily on quantity.” It assumes that more is always better, and there can never be too much. However, planners should “worry less about the quantity of parking provided and should pay more attention to its quality” (Mukhija and Shoup, 2006: 296). Overabundant parking supply imposes huge social costs. “A typical urban parking space has an annualized value of \$600 to \$1200” (Litman, 2006). In fact, an author estimates the cost of free parking to the national economy to “be over \$300 billion annually” (Shoup, 2005: 207).

Moreover, “off-street parking requirements encourage everyone to drive wherever they go because they know they can usually park free when they get there” (Shoup, 2005). Shoup, author of a pioneer book on parking titled “The High Cost of Free Parking,” argues that “the current setting on minimum parking standards subsidizes automobile use and contributes to urban sprawl” (Shoup, 2005). By subsidizing cars, they distort transportation choices introducing a strong bias for car usage which “warps urban form, increases housing costs, burdens low income households, debases urban design, damages the economy, and degrades the environment” (Shoup, 2005). Put more

positively, “a more efficient parking management scheme can help solve a variety of economic, social and environmental problems, increase economic productivity and make consumers better off overall” (Litman, 2007: 11).

The main problem is that off-street parking requirements are usually set too high as a result of an exaggerated estimate of parking demand. This overestimation has its roots on the methodology used by planners to determine parking demand. First, free parking inflates parking generation rates. Second, the suburban sites where the studies are done usually lack adequate public transit and therefore also inflate the parking demand. Third, the studies focus on peak demand –which only last for a few hours per year. Cities then require each land use to supply at least enough parking spaces to accommodate this overestimated demand, without considering how much the required spaces cost to construct. The conflict arises since “the maximum observed demand thus becomes the minimum required supply” (Shoup, 2005).

The overestimated demand for parking leaves off-street parking sites with too much available space. In addition to the social and environmental costs, unoccupied parking lots have an opportunity cost (the economic value of not using this land for other uses). This land has “many alternate potential uses, either for being rented or sold for monetary gain, or converted into green space” (Lee, 1999). Therefore, the main issue remains on deciding what to do with all the extra parking. One alternative is to apply the Transit Oriented Development principles, which focus on redeveloping lots close to transit stations for commercial, residential, or mixed-use with astonishing benefits (Center for Neighborhood Technology, 2006). Another alternative seems to be the aforementioned phenomena of replacing some parking spots with other land uses. One

such use, and the focus of this study, is drive-thru coffee stores. Although this alternative still encourages car usage, it may be the first step towards a reduction in free public parking that could generate more densely built commercial areas. The benefits are enormous and could reverse the harms caused by the large parking lots with unutilized spaces –more density, less gas consumption, and less pollution.

This study will analyze if these drive-thru coffee stores are an indicator of both excessive minimum and maximum parking requirements and infill redevelopment opportunities, as well as assess what impact that could have in the community if the tendency were to continue.

Onsite Parking requirements in Eugene

The city of Eugene, as most cities in the country, has a written code that regulates land uses and business practices. The City of Eugene Land Use Code has been updated for the last time in 2001. The purpose of the Motor Vehicle Parking and Loading Standards (chapter nine of the code) is for parking lots and garages “to be designed, laid out, and constructed in accordance to the standards in order to provide safe and convenient access and circulation” (Eugene Land Use Code section 9.6400). It is not the objective of the code to maximize parking efficiency or provide alternative transportation methods for commercially oriented areas.

The code establishes that “the minimum number of required off-street parking spaces shall be calculated as provided in Table 9.6410” (Eugene Land Use Code section 9.6410). The table separates minimum number of spaces required by different uses of the establishments located in the parking lot. The way the code is written, drive-thru coffee stores fall under different categories depending on their surroundings. Most stores were

initially born in existing parking structures that were used by one or more commercial activities including but not limited to convenience stores, restaurants, hardware stores, etc. Therefore, these drive-thru coffee stores are under the regulation of “Shared Off-Street Parking Requirements” (Eugene Land Use Code section 9.6430). For these cases the code establishes that the “total number of parking spaces required shall be the sum of spaces required for those uses individually unless a reduction is allowed” (Eugene Land Use Code section 9.6430). However, for those stores that do not share parking with any other store, the code establishes the minimum number of required off-street parking spaces to be “1 per each 66 square feet of seating floor area plus 1 for each 440 square feet of non-seating floor area” (Eugene Land Use Code Table 9.6410). On top of the different regulations, drive-thru stores have their own standards. The code determines that in relation with these types of establishments, “there shall be a specially designed area for vehicles stacking located on private property between the public right-of-way and the pick-up window or service area. For a single row of vehicles, the area shall be at least 200 feet in length to allow for stacking of up to 10 cars” (Eugene Land Use Code section 9.6415).

The updated code establishes also the maximum number of off-street parking spaces allowed. It specifies that “the maximum number of parking spaces for non-residential uses may not exceed 125 percent of the minimum spaces required by Eugene Code section 9.6410(3) (Eugene Land Use Code section 9.6410 (2)).” However, it also adds that the “standard does not apply to existing parking areas that are not expanded,” which means that those parking lots constructed prior to 2001 are not subject to change except were they to modify the lot (section 9.6410 (2)).

The different regulations applicable to the drive-thru coffee stores make it very difficult to determine the actual number of spaces the stores are required to provide. In fact, many of the stores do not provide the required lengths that drive-thrus are required under the current code.

The code has been updated in 2001 as Eugene wanted to adapt to more current trends and new goals from the city council. The old code, dated from 1993, established the minimum number of parking spaces required to be “1 for each 330 square feet of gross floor area” (Eugene Land Use Code from 1993 section 9.586).

Parking in downtown Eugene

Downtown parking availability cannot be analyzed under the same parameters as the rest of the city. As the city’s central business district, downtown Eugene offers a variety of retail establishments, personal and professional offices, and it is also the center for many government agencies. Downtown is Eugene’s major employment center with “more than 15,000 employees working in the area” (Tang, 1995: 1).

As part of a downtown revitalization program, the creation of parking garages was proposed. Currently, the city “owns four parking structures in downtown, accumulating for an approximate of 2000 spaces” (Tang, 1995: 29). Considering the high density of the area, this number is not high, and does provide an adequate amount of parking. However, the role of downtown as a public and private office and service center with compact urban growth offers an environment in which coffee stores thrive, and despite the limited number of spaces, there are two of these stores located in parking lots within the downtown boundaries.

Due to the complexity and the importance of downtown businesses given by the city council, part of the results will analyze the specific characteristics of a store located in this area.

City Council Goals in regard to development

Among many of the goals established by the City Council, there are two that relate to redevelopment and therefore are somewhat affected by parking policies. The first goal for the city council is to:

“redesign the neighborhood initiative to support the neighborhoods which includes public participation in the livability and protection of neighborhoods and identifies specific redevelopment strategies that preserves the integrity of residential uses, including design standards, site review, down zoning, infill regulation, and bolstering and empowering neighborhood associations to get more involvement” (City Council Goals report).

Another goal for city council is to “facilitate significant revitalization of downtown core” (City Council Goals report).

Alternative uses

The parking requirements have been the center of attention in the last years for a number of planners and urban designers. Many blame these requirements as one of the factors in downtown decreased economic activities and urban sprawl. In an article titled “Onsite Parking: The Scourge of Americas Commercial Districts” the author accuses “Onsite parking requirements ... [of] hav[ing] sucked the potential out of commercial properties on main streets and in downtowns everywhere” (Smith, 2006). The idea behind the strong statement is that “minimum parking requirements would not be needed if they did not increase the parking supply beyond what the market would provide” (Shoup, 2005). Such requirements create a never-ending cycle in which the exaggerated

parking supply stimulates an increase in parking demand. As some authors put it, “plentiful parking encourages people to buy more cars, and more cars require cities to require even more parking spaces” (Mukhija and Shoup, 2006: 297). The problem is that because of these requirements, parking lots occupy valuable land that could otherwise be used for other activities, such as housing, pedestrian friendly commercial areas, and parks which preserve and enhance walkability on cities. Many cities across the country have eliminated their parking requirements to make downtowns more accommodating to pedestrians. For example, an ordinance in Portland states “there is no minimum parking requirement for sites located less than 500 feet from a transit street with 20-minute peak hour service” (City of Portland, 2006). Mukhija and Shoup postulate another benefit by stating that “removing off-street parking requirements can also ease adaptive reuse and historic preservation” (Mukhija and Shoup, 2006: 298).

Policies set to reduce or discourage off street parking combined with the physical limitations for parking lots can have an enormous effect on a consumer’s method of transportation with economic, social and environmental impacts. In this setting, the emergence of drive-thru coffee stores might serve as indicator for the government on how changes in policies (requirements, standards, etc.) affect the private sector responses and how consumer choices can be aimed at achieving the public interest goals.

CHAPTER III

METHODOLOGY

Overview

The purpose of this study is to explore the environmental, economic and social implications of the recent emergence of drive-thru coffee stores in Eugene. The primary concern of this research is to study the rationale behind the appearance of these stores around town, the role of the city for authorizing this development and the potential consequences it may have for the community. Further studies of the actual impact of the stores and the financial implications may help to better understand the phenomenon and to further assess the implications it could have in reshaping the urban environment.

Research Process

The research approach used in this study includes two different methods and provides narratives as the basis for qualitative analysis of the results obtained. The first method used in this study was to conduct a series of in-depth interviews with managers of the coffee stores, owners of the parking lots where stores were located, and city officials. The second was an in-depth analysis of specific sites where drive-thru coffee stores are located and that respond to a set of different characteristics.

The purpose of the interview process was to seek a better understanding of how coffee stores are located; detailing the process they go through. The analysis of selected sites allows for a better understanding of the different types of stores according to the characteristics of the site and its surroundings. A mapping of the stores was used to show the spatial distribution of these stores in Eugene as a complementary way to understand

the reasons for the chosen locations in order to help predict how infill development could continue growing in the city.

Individual In-Depth Interviews

Six interviews of store managers, store owners, parking lot owners and city officials were conducted from April 10th to August 11th, 2008. The interview participants were selected from different methods upon availability and agreement to participate in the project. Store managers and owners were selected from a business database file with information of business establishments in the Eugene/Springfield area (Reference USA). Once selected, all drive-thru coffee managers were contacted via telephone or in person, but only four showed interest and participated in the project. The parking lot owners, in some cases store owners as well, were selected utilizing tax lot information provided by the planning department at the city of Eugene. Finally, the city officials were selected upon their knowledge and expertise in the subject, as well as availability and eagerness to contribute to the project.

Participants resided in the Eugene/Springfield area and represented a variety of individuals including college students, entrepreneurs and public officials. During the interviews, participants were asked several questions. Store owners and city officials were asked about the process of obtaining the business permits and passing the requirements to be ready to operate with the intention of hearing both perspectives. Other questions revolved around the incentives and help received from the city. In addition, store managers were asked about the key elements for the store's success, the characteristics of their customers, the potential good sites for the future and the history of the company. The interviews were conducted in person on an individual basis and lasted

from fifteen to forty-five minutes. The interviews were structured although there was room for improvisation and occurred in a conversational style.

Site analysis

After visiting all the stores included in this study, a total of three stores were selected for an individual in depth analysis of the physical characteristics of the lots and stores themselves. The stores selected were a Dutch Brothers Coffee store, a Fast Lane Coffee Co. store, and a Quick Fix Coffee Co. store. The reasons for selecting these particular stores was based on the representativeness they had of other stores with similar characteristics, and the relevance this stores had in the area they are located.

For the analysis, information about the store was gathered both visually and with the help of the planning and building permits department of the city of Eugene. Pictures of the site were taken during the study and tax lot information was obtained for the purposes of assessing lot size and exact address. The purpose of these pictures was to analyze the store surroundings to determine if there were relevant for the owners to decide where to locate or for the store success.

Mapping of the Stores

For the mapping of the stores a table was generated with the exact addresses of all the stores in the City. With this table, a map was created using GIS software to locate the stores around the city. The map also includes labels of two major roads, and the boundaries of the downtown core to help to identify the location of the stores.

Limitations

This study involved drive-thru coffee stores located in the city of Eugene and thus the results may only be applicable to this city. In addition, information about stores was scarce and extremely difficult to gather due to the absence of a category formally established for this type of stores. Several mediums as business directories, yellow pages, business databases, friend's comments, etc. were used to find the stores throughout the city.

Moreover, finding subjects willing to be interviewed was a hard task. Especially among parking lot owners, most of which live out of town, who were reluctant to any sort of questioning and/or giving away information.

Finally, this study did not analyze any financial data regarding the stores. This information could have contributed to a deeper understanding of the reasons behind the emergence of the stores and it could have impacted the findings section.

CHAPTER IV

DATA

Data was obtained from interviews with managers of the coffee stores, owners of the stores and city officials, as well as the mapping of the stores and ultimately the analysis of specific sites where drive-thru coffee stores are located.

Managers' view

To gain a better comprehension on how these stores worked, I interviewed three managers as well as one employee. The first interview was with Ron Watkins, who has been the Dutch Brothers Coffee regional manager in Eugene for the past eight years. Afterwards I interviewed Amy Joe, the general manager of Fast Lane Coffee Co. for the past six years. I also interviewed Katy Haneman, a former barista and now store supervisor for Nina's Pony Espresso, and finally Gerry Miller, general manager and owner of Quick Fix Coffee Co.

At first glance, it seems that these stores are distributed randomly around the city. Although the mapping will analyze and reject this hypothesis, the first interrogation point was related to the site selection process for the establishments. The first question asked was who was in charge of choosing the locations for these stores and the rationale behind these choices. All participants agreed that the ultimate decision falls on the owner, but to a large degree they provided valuable input and their opinions were extremely important. In fact, Amy Joe said that she "scouts locations and then approaches the owners and tell them about those who caught my attention." Amy's response was similar to that of Ron Watkins, who said that "it is up to the corporate office (in Grant Pass), to make the final decision, but I usually look for high number traffic count and pass the word to them."

Ron did not specify the methodology used to counting the traffic, although he affirmed that “after being in this business for a while you kind of figure out potential good spots.” Their responses denoted what seems to be a normal practice for these places, where recommendation for potential good sites is mostly determined by traffic and availability of space in the lots. The rationale for this practice could be tied to the elemental conditions for any of the stores to be able to succeed: high traffic, accessibility and great customer service (in both speed and treatment). All participants agreed on these three principles. Customer service is absolutely fundamental for any kind of service; the other two, however, are highly relevant in drive-thru businesses. It is interesting to see how in terms of accessibility, stores greatly vary across different locations. While most are located on high traffic roads, not all of them are in large parking lots. There are some that are located in corner lots where not more than three or four cars can be in line waiting for their products. This situation poses an extra challenge for those stores. Ron Atkins said that their downtown store is the most successful because “despite the small space that we have, the speed of service is very very high.” He thanked its employees for that, and also its customers for having the extra patience required for peak hours: “sometimes it is so crowded that we are making coffee non stop for more than an hour.” Really popular times are mornings from 7 am to 9 am, and late afternoon, where “customers come much more relaxed looking for a coffee that will help them bear the last few hours of work,” according to Amy Joe, from Fast Lane Coffee Co.

Moreover, the participants had to respond to what types of customers were shopping at their stores. The answers were similar for the three managers; nonetheless, they were very interesting. They all agreed that the vast majority of their customers were

drivers. Ron Atkins said that although he did not have the exact numbers, he believed that on average “75 to 85 percent of our customers are drivers.” The rest were mostly pedestrian, although the stores occasionally served bikers. However, the interesting part is that the same manager stated that “Olive St. in Eugene is the number one store in terms of sales.” This store is located in Olive St. and 7th, right in the heart of downtown, and a far greater number of pedestrians are part of their customer base. In fact, Ron stated that “they have a third window for walk ups specifically.” Moreover, Amy Joe said that Fast Lane was looking into the possibility of opening a new store in downtown due to “the large amount of people who works [there].” Although the managers agreed that it was mostly a drive-thru business, it seems that locations on high density areas outperform their suburban counterparts in number of sales.

Finally, participants were asked to identify potential areas of interest for the future. They all agreed that the best areas were those currently underserved. In particular, both Amy Joe and Ron Atkins agreed that “the area of south Eugene is a good residential neighborhood with some commercial activity that seems to be underserved.” The Willamette strip commercial zone was attractive for both of them due to the large number of business and commercial activity in the area. However, Amy Joe stated that “we are looking into high density areas because although there is more competition from large coffee retailers, customers love the speed of service our coffee carts give them.”

Owners’ view

The managers’ opinion was very important to understand the basic aspects of this highly growing industry. However, in order to fully understand the phenomenon it was necessary to gather information from somebody that owned a parking structure where one

of these coffee stores is located. The interviewee was Gerry Miller, owner of Quick Fix Coffee, located in the corner of Willamette and 25th on the parking lot that belongs to the auto repair shop with homologue name and is managed by his father. The subject was particularly interesting because, not only was he one of the few owners from Eugene, but also the parking structure was family owned and therefore the interests in both businesses was mutually shared.

The parking structure, for which the auto shop was originally designed, has been owned by his family for about fifteen years. Gerry said that it was not until four or five years ago that he and his father started talking about the possibility of doing “something” with the empty lot for the first time. They both agreed that the parking space for the shop was exaggerated and a waste of space. Moreover, Gerry recalled “seeing some coffee carts around town, and thinking, man, I wonder how much money they make?” At this time, the coffee cart phenomenon was showing its first sign of exponential growth, and Gerry and his father decided to set up a cart at their unutilized parking space for some extra profit. However, it is not that easy to set up a drive-thru establishment, and there are certain regulations to follow and requirements to be met.

When asked about the steps he had to take in order to have the shop running, Gerry answered: “I first approached the city to make sure I would be allowed to place a coffee shop in our parking lot and they authorized me upon meeting certain requirements.” The requirements that the city asked for were a detailed business plan and an architectural plan (property layout), two key elements in order to authorize any construction. As Gerry mentioned, “it was actually a good thing because even though it was a long and complicated process, it helped me to develop a solid plan and be

confident that it was a profitable investment.” He received from the city a traffic count for Willamette Street, as well as specific requirement guidelines for the size of ingresses, egresses and landscaping elements. Once he had everything in place, he submitted it to the city and received approval.

Of particular interest was to know if the city provided any incentives to business owners to redevelop a parking structure and turn it into commercial establishments, contributing to the goal of increase in density set by the city council. To that extent, Gerry stated that “I still had to pay SDCs^{*} and everything; however, the city gave me a tax credit because I took concrete out and put landscape” He went on, complaining that “I actually ended up paying more in taxes because I increased traffic flow and also paid waste water taxes because I needed a water connection for the shop.” Although he got a tax credit for increasing landscaping features, he still paid fees like any other business.

Finally, he stated that the key for success on this business was “the research done prior to starting the business and the great location of the shop. Being on a major road and especially so near a traffic light makes the shop very attractive for customers.” On that, he commented that “although it is mostly a drive-thru business, when the sun is shining we do get quite a bit of walk ups from people shopping around the area who want a quick drink while at it.” He added that “I definitely can see more walk ups in areas that are more populated or closer to where people spend most of the day. A coffee break is always welcome.”

City’s view

The voices of managers and owners provided a business side perspective of the growing phenomenon of coffee carts. However, for the full picture and correct

^{*} System Development Charges.

understanding, it was necessary to obtain input from the city of Eugene. The interviewees were Kristie Brown and Bill Lemmons, a land use analyst specialist and a building permits specialist respectively.

They both had several years of experience working for the city, and their opinions offered a different perspective on the coffee cart phenomenon. Katie described the process that a business owner had to go through to obtain his business permit to locate a drive-thru coffee establishment. She mentioned that “once the owner chooses a location, it has to meet certain requirements. Our code since 2001 has pretty strict requirements in regard to landscape, stacking, interference with circulation, etc.” Her words were corroborated by her coworker Bill Lemmons, who added “the building code was updated last year and incoming businesses have to comply with the code before we can grant them an approval.” The process was equally described by Gerry Miller, who claimed it was actually beneficial for the future of the business.

However, even the code seems to be somewhat flexible regarding these establishments. Katie admitted that the city reviews some specific requests when there seems to be a logical argument. For example, the code establishes that drive-thru establishments need to provide the length equal to ten cars in order to operate, whether a fast food restaurant or a bank. Yet she mentioned that “even though the code establishes ten cars, after a study (traffic impact analysis) performed we found out that certain sites do not need to provide more than four spaces per window.” Moreover, not all stores are conforming to the new code (since 2001). Stores established before 2001 typically have a nonconforming status for which there is not expiration as long as the same owner remains in business. Katie said that “in some situations there are [owners] who buy sites that are

legal not conforming because they were developed previous to the new code.” In those cases they must adopt a conforming status by meeting the requirements. However, Katie could not provide the number of coffee establishments that are currently on a non conforming status.

In addition to learning about the process to establish the business, the interest was set in discovering how was it possible to locate a business on a structure that served another purpose. This process of redevelopment is the main focus of this study. The implications of going from a parking lot structure (low end use) to a drive-thru coffee establishment (medium end use) are far greater than the actual phenomenon. According to the code, there is a certain minimum space requirement for lots according to the type of businesses located on it. To that extent, Katie said that “many lots were built back in the day and there were no max limits. Therefore, those lots may just have more than the minimum and as long as they keep it above the threshold, they can do whatever they want with the rest.” In other words, the code is in place, but limiting the minimum number of spaces is a modern concept that was not enforced nor considered twenty or thirty years ago. Moreover, there was not a regulation in place for the maximum number of spaces allowed. The framework created a situation where most developers would overestimate the demand based on future predictions that may not hold true in present times.

The city does not, however, have a formal opinion about this redevelopment phenomenon or its preference of a coffee store over an empty lot. Katie stated that “it is an economic decision for the property owner what use they want to give to the land as long as they are conforming to the code. When it comes to drive-thru that rely on the use of a vehicle, the city has set standards for landscaping to improve visual aspects.” When

asked about her professional opinion on this subject, she added that “as a city staff I’m not allowed to disclose my opinion. However, I can tell you that the policy direction set up from the city council moves into the direction of improving density.” However, she did affirm that as a planner “I believe to some extent these stores foster development in general and improve the activity in the area.”

Finally, when asked what sorts of incentives were given to business owners looking to redevelop an area and put in a store, Mrs. Brown said that “formally there are no specific programs for these types of stores [as incentives].” She added that it was “the responsibility of the owner to look for incentives and being aware of those programs.” However, as the owner of Quick Fix Coffee Co. stated, there are not really any sort of formal programs that encourage entrepreneurs to redevelop unoccupied parking lots into some type of business. Undoubtedly, the City could benefit for such programs as they would ease the process to set up drive-thru coffee shops and maximize parking utilization.

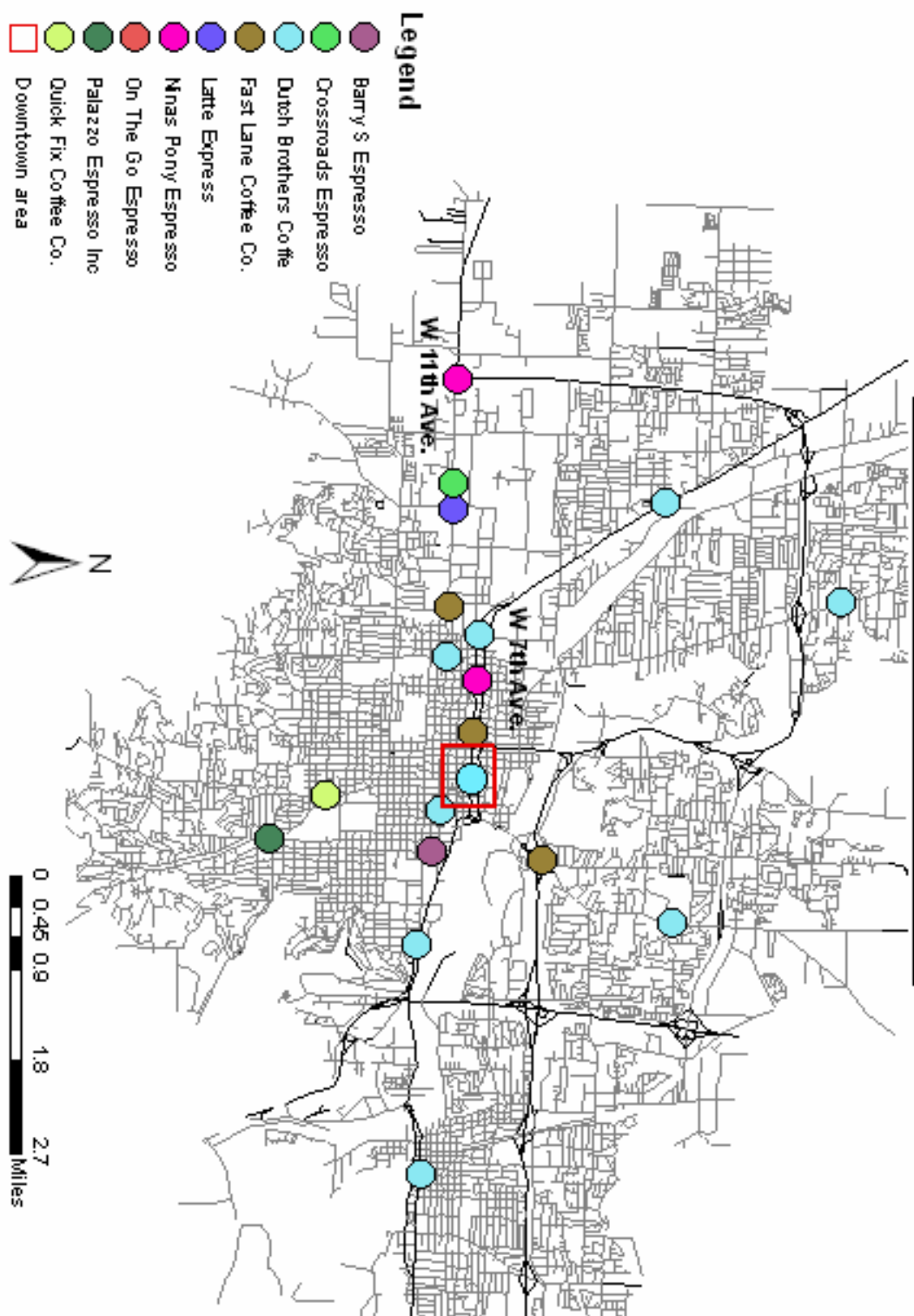
Mapping

The map of drive-thru coffee stores is presented on the page 23. It includes a legend identifying the different establishments (totaling nineteen) located across the city. It also denotes the downtown core and labels two major roads where a great majority of the stores are located (7th and 11th Ave.).

As we can see, most stores prefer to locate in high traffic corridors that are major ingress/egress roads to downtown and the university area. The rationale is simple: these roads have very high traffic during business hours, especially during rush hour periods (mornings and afternoons). Moreover, most of the parking lots in these roads are large

and usually present plenty of available space, making it attractive for lot owners to lease some unutilized space in exchange of a monetary compensation.

Drive-thru Coffee Stores in Eugene



In-Depth analysis

A total of three stores were selected for an individual analysis of the physical characteristics of the lots and stores themselves. The stores selected were a Dutch Brothers Coffee store, a Fast Lane Coffee Co. store, and a Quick Fix Coffee Co. store. This section presents the analysis of findings from the visits to those specific sites.

Dutch Brothers Coffee

The chain has seven stores in Eugene, and the principal reason for choosing this particular one was its location. Located in W 7th Ave., near the intersection with Olive St., this store is in the heart of the City's downtown area.

Address: 110 W 7th Street, Eugene, Oregon, 97401.

Lot Size: 0.33 sq. acres, or 14,375 square feet.

The store: the actual store occupies the entire parking lot structure by itself (see figure 1). The lot is owned by Diamond Parking, a Seattle based company that is dedicated to leasing parking spaces. This company declined to offer any sort of information about ownership and was unwilling to provide an interview when contacted. The store has two windows open to the public (usually no more than two employees working at the same time) and access is designed for both vehicles and pedestrians as there is a walking path from the street to the front window. Evidence of the pedestrian oriented service are the three round tables provided (one with a roof), as well as a garbage bin and a newspaper dispenser box next to it. There are also landscaping features and handicapped access as required under the updated code (see figure 2).



Figure 1 – Intersection of Olive St. and 7th St.



Figure 2 – Intersection of Olive St. and 7th St.

Surroundings: The store is next to 7th street, a major road for cars incoming downtown and the University of Oregon area. Thus, it receives a lot of traffic especially during business hours. Even though it is solely located in the parking lot, there are several businesses surrounding the property. To the south, there is a large office building with its own parking lot. To the north, in front of the property there is a Pacific Continental Bank

with offices in the second floor. To the east, there is a large furniture store, and to the west there is an auto repair shop.

In addition to the stores located next to the coffee shop, there are a vast number of retail stores, restaurants and office buildings in the perimeter. Moreover, Eugene's major bus station is located just a few blocks away, as well as the train and long distance bus stations. All these stores generate a constant flow of people that translates into a high number of customers both drivers and pedestrians. Furthermore, the night vitality of downtown adds extra customers as the store is open twenty-four hours and they provide service to many residents after dance clubs and bars close their doors.

The unique characteristics of the store make it especially attractive for this analysis. It is an interesting model because of its location on a high value property land and its success in terms of sales. Moreover, thanks to these characteristics, the store was one of the very few who received "a very high number of pedestrian and bikers customers," according to Ron Watkins.

Fast Lane Coffee Co.

The chain has three stores in Eugene, and the main reason for choosing this store was its surroundings. Located in W 11th Ave., towards the airport, this store is next to a major road for vehicles heading towards and outside the downtown area.

Address: 2378 W 11th Ave. Eugene, OR 97402

Lot Size: 2.5 sq. acres or 108,900 sq. feet.

The store: the actual store is located on the northern edge of the parking lot, next to the ingress/egress zone (see figure 3). It has two windows open to the public (usually no more than two employees working at the same time) and access is mainly designed for

vehicles as there is not walking path around it. Although Amy did mentioned that they get a few walk ups, it seems quite dangerous if there is high traffic and clearly the store is not aimed at this type of consumers since there is not even a table to sit at (see figure 4).



Figure 3 – W 11th Ave. between 23rd and 24th.



Figure 4 – W 11th Ave. between 23rd and 24th.

Surroundings: the coffee shop is located in a fairly large parking lot, whose principal store is the office supply store, Staples (see figure 5). In fact, Fast Lane subleases their space from Staples (although the owner is Pacific Continental). There is no residential housing nearby, and the most common method of transportation around the area is by motorized vehicles.



Figure 5 – W 11th Ave. between 23rd and 24th.

Fast Lane shares the lot with the aforementioned Staples as well as Applebee's, a Chinese food restaurant, a donut store, a soccer supplies store, a bar, the bank who owns the entire property and some other small stores. The entire lot is called the West 11th Shopping Center.

This is a typical environment for the drive-thru coffee stores. The majority of stores in Eugene, as well as in other cities, are located in large lots full of different stores and next to a major road. As Amy Joe mentioned in her interview, the store “benefits from the constant influx of customers who stop for a coffee while shopping.” However, as she also mentioned, the high traffic on the highway next to the lot provides a lot of business, particularly “during early morning and late afternoon hours.”

Quick Fix Coffee Co.

There is only of these stores in Eugene, and the principal reason for choosing this store was its ownership status. Located in Willamette St. and 25th Ave., the store is co-owned by Gerry Miller and his father, also owners of the auto repair shop in the same lot (see figure 6). It is one of the few drive-thru coffee stores that is not franchised, although the owner said that he was looking to open a new shop at a different location.



Figure 6 – Intersection of Willamette St. and 25th Ave.

Address: 2517 Willamette Street, Eugene, Oregon, 97405.

Lot Size: 0.16 sq. acres, or 6,970 square feet.

The store: the actual store shares the parking lot with an auto repair shop, Ken and Sons Auto & Marine Service, both owned by the Miller family. The store has two windows open to the public, one exclusively for pedestrian use and one for auto use. Usually no more than two employees working at the same time and access is separated for vehicles and pedestrians. There are two round tables provided (one with an umbrella), as well as a garbage bin next to one of them. There is also landscaping features, and handicapped access as required under the updated code (see figure 7).



Figure 7 – Intersection of Willamette St. and 25th Ave.

Surroundings: The store is next to Willamette Street, one of the major roads for cars coming to downtown and the university area from the south part of town. Thus, it receives a lot of traffic during business hours. Even though it shares the property with just one other shop, there are several stores of various types (retail, grocery, restaurants, etc.) in the area. In fact, just in front of the store across the street there is a small shopping center with an ice cream place, a music store, a hairdressing place, and some other stores (see figure 8). Just a few blocks to the south there are some large groceries stores, such as Market of Choice and Albertsons. Both of these stores are surrounded by many businesses and provide services to thousands of customers.

In addition to the stores located near the coffee shop, there is a baseball stadium a few blocks away, as well as a high school and a middle school nearby. All these stores generate a very high number of customers, both drivers and pedestrians.

These store shares common elements to the other two analyzed. On one hand, it almost exclusively occupies the parking lot where it is located, and a substantial amount

of customers are pedestrian. On the other hand, thanks to its location next to a high traffic road, it receives a high influx of drivers. In particular, the store benefits from its corner location, which gives it “a special advantage as customers are more likely to stop by when they see a red light,” in the words of Gerry Miller.



Figure 8 – Intersection of Willamette St. and 25th Ave.

The three stores analyzed have some unique characteristics and distinctive elements which make them special and worth a closer look. However, they all share some essential traits, such as the actual size, number of employees, and service characteristics.

The main differences are found on their geographic locations. While the Dutch Bros. is located on an urban environment with very high density, the Fast Lane Coffee it's almost in a suburban environment, with heavy traffic roads and very limited pedestrian activity. The Quick Fix shop is in the middle of the two, in a medium density area in a residential zone that contains several stores.

CHAPTER V

FINDINGS

Parking lot structures are overestimated

The exponential growth of drive-thru coffee stores in Eugene (from two to eighteen in less than a decade) as well as the rest of Oregon and the Northwest (Dutch Brothers itself has more than one hundred locations since it started the business around a decade ago) is a piece of evidence that some parking lot structures are too large and offer excessive spots in relation to the actual demand.

The majority of the twenty stores analyzed in this study have replaced several parking spots in the parking lots where they are located. Owners of these lots see the coffee stands as an opportunity to make an extra profit in an otherwise unutilized parking space. The emergence of these stores all around town shows that lots constructed prior to the update of the code (when they introduce a maximum as well as minimum lots allowed per structure) overestimated the demand for parking at those places.

As gas prices continue to rise and efforts for alternative transportation methods as well as an increase in density are made by the city in response to the public interest, it seems that this phenomenon will continue to increase. It is impossible to predict, but it is likely that this major change started by coffee stands might spark other businesses that can utilize the many advantages offered to consumers and the low maintenance costs.

Stores follow certain principles for choosing locations

Stores are not located randomly across the city. Their actual placement responds to careful traffic analysis (traffic count) as well as lot availability in the area. Factors such as size, proximity to corners and street lightening, play an important role in choosing a

site. The single most important factor in the site selection process is, however, availability of space in the parking lots. Many lots are simply not suitable to redevelop, and some are impossible to afford due to the extremely high demands from the owner.

Surrounding buildings seem to be another key determinant for the final decision. Businesses around coffee stores will have an impact on sales; customers shopping at other stores such as grocery stores, retail stores, etc. and employees working around those areas are potential customers for the drive-thru coffee places. Therefore, locations where there are high density commercial areas are preferred. For this reason, the downtown area has a large potential for further development and change in land use patterns due to the large amount of workers and businesses concentrated in a small radius.

Nonetheless, it is somewhat curious that even though it is mostly a drive-thru business, locations on high density areas outperform their suburban counterparts in number of sales. As a matter of fact, the general manager for all Dutch Brothers stores in the Eugene/Springfield area stated that their most successful store by far was their downtown one. The main reason for this success is that despite being auto oriented, many of the stores are required to provide certain elements for pedestrians such as exclusive windows, tables, chairs, and landscaping features. The atmosphere at these stores welcomes pedestrians passing by, as well as many workers in the area. The higher the density, therefore, the more potential customers concentrated in a smaller radius whose needs can be served by the store.

The trend has increased over the years

As in any other rapid growth phenomenon, there are always doubts about the duration of the buzz. In this case, the first drive-thru coffee stores started on the early

90's and have continued growing and expanding throughout the Pacific Northwest. There is no real end in sight for this trend to stop, as there are plenty of parking lots in Eugene that can meet the conditions to allow a drive-thru coffee stand. In fact, while this study was being conducted, two more stores were opened in the city.

Moreover, as Katie Brown described, older stores consisted usually of actual carts that were moveable, while, most new stores are permanent structures. This indicates that its owners are confident the store will stay in place and succeed and lot owners also see the partnership profitable over the long run.

The city does not provide enough incentives

Both the store owners as well as city officials interviewed agreed that the city does not provide any special incentives for drive-thru coffee stores. Even though one of the goals of city council is to increase density, which these coffee carts help to achieve, the city does not have any formal or informal policy regarding these type of stores. Yet, the city does have policies and requirements prior to the approval and issue of business permits. The policies enforce building standards, design standards, and health standards; therefore, the initial process to set up this type of business is costly and requires time.

Parking lot owners largely benefit from drive-thru coffee stores

The drive-thru business is not only profitable for the coffee store owners that in most cases have chains with several locations across the city. Lot owners also receive a benefit from these stores in the form of an extra profit in an otherwise unutilized parking space. In fact, in a few cases the lot was owned by the same people who owned the store (two locations, Dutch Brothers and Quick Fix). In the end, the profit obtained from

leasing unutilized spaces or operating a coffee stand is greater than the parking space(s) itself.

The City also benefits from drive-thru coffee stores

The drive-thru business is not only profitable for the coffee lords that in most cases have chains with several locations across the city, or the parking lot owners who also receive a benefit from these stores in the form of an extra profit in an otherwise unutilized parking space. The city collects various fees from developers to authorize them to operate while also collecting business taxes from the operating stores.

Therefore, the city government should see with great interest the development of these stores throughout the city, as they obtain direct revenues from each new establishment.

Drive-thru coffee stores help achieving council goals.

Two of the council goals mentioned are influenced by the emergence of the drive-thru coffee stores. These stores contribute to downtown revitalization as well as specific redevelopment strategies that preserve the integrity of neighborhoods including design standards, and infill regulations.

There is a large potential for other business to follow this model

Drive-thru coffee stores have pioneered the process of redevelopment from a low end use structure to a medium end use one. However, there is plenty of room for other businesses to follow the footsteps and continue the process. Several industries that provide goods and services could locate at other unutilized parking spaces.

CHAPTER VI

RECOMMENDATIONS

Suggestions for the city of Eugene based on the data analyzed and the findings:

Develop a formula for parking requirements

The code was updated in 2001, after more than 30 years utilizing a clearly outdated code. Nowhere in the code is the rationale for determining minimum and maximum parking standards explained. Both Kathy Brown and Bill Lemmons could not comment on what was the methodology utilized to calculate the optimum amount of parking spaces desired.

The reality is that free parking demand is not homogenous and should not necessarily be equal for the entire city; perhaps some areas may need more parking than others. The code should reflect this possibility by incorporating a methodology of calculating required parking spaces aimed at an increase in efficiency (e.g. no more than ten spaces or 10 % of the average unoccupied portion of the lot). By introducing a formula of determining parking requirements based on the estimated parking demand, the city could easily update the code if the preferences of consumers in regard to parking were to change in the future.

Allow for flexibility of the code

The current code establishes minimum and maximum parking requirements for parking lots based on the type of business operating on it. However, these requirements are identical for the entire city, regardless of the area. The problem is that parking

demand (which should be the rationale that requirements are based on) varies across the city due to many factors. Certain areas may require more parking than others at certain times, based on consumer preferences for some stores over others. Therefore, when the city establishes minimum and maximum parking requirements it should do so considering these differences and allowing for different requirements for different areas.

Moreover, not only parking demand varies by location, but it also varies across time. Certain areas that are popular may decline in the future and reduce the need for parking supply. The code should assess the possibility of incorporating a dynamic approach to calculating parking demand over time, allowing for adjustment as needed. A possibility would be to allow business owners (or parking lot owners) to report considerable changes observed and to update the requirements.

Provide incentives to business owners

Currently the city does not provide any incentives to business owners who are interested in establishing a drive-thru coffee store. However, these stores generate some benefits to them. Apart from the various taxes and permit fees they have to pay in order to be authorized, they increase density which is one of the city council goals. Moreover, they boost economic activity in the city.

For all these reasons, the city could implement a program offering some benefits for drive-thru coffee stores as long as they stick to some specific guidelines. For example, they could reduce or reimburse the business permit fees if the store were to be developed in a certain area of interest for the city or provide specific amenities such as tables, walk up paths, or extended service.

Enforce the code and compliances

Many stores analyzed in the study are not in compliance with the current code. The code was updated in 2001, and shops established before that date or parking lots built before that year (the vast majority) do not have the same minimum and maximum requirements for parking spaces. In regards to the actual stores, these previously established ones do not have requirements to display landscape features, provide a determined amount of line space, or provide on site seating. If feasible, the city should try to enforce the code and help every store to become in compliance with it.

Policy implications

The parking lots where the nineteen stores analyzed in this study are located account for a total of approximately 800,000 sq. feet of land. Previous to the drive-thru coffee store, a portion of this land was most likely empty parking spaces. The total number of unutilized parking spaces in the entire city represents a large number of wasted space that is not being utilized for the purpose that it was built for. With better policies that adapt to reality and the correct assessment for the needs of parking lots throughout the city several square feet of land could be redeveloped increasing density and reducing urban sprawl. Roads and parking facilities “typically cover 10-25% of urban land, and more than 50% in major commercial centers such as downtowns and shopping malls (Litman, 2007b: 2)” Although such facilities are necessary for economic activity, they also impose “significant economic, social, and environmental costs” that could be alleviated by managing them more efficiently (Litman, 2007b: 2).

An efficient parking management does not necessarily translate into reconverting every unutilized spot in a drive-thru coffee shop, but rather giving that spot a more efficient use than merely empty space. The city could incentive redevelopment in the form of businesses, or provide more green space for its residents.

Suggestions for further research

Conduct more extensive analysis of parking lot structures

It would be important to determine the number of parking lot structures in the city of Eugene, and the amount of space they occupy to contextualize the drive-thru coffee store phenomenon and the potential implications if other type of businesses were to follow a similar model.

How many square feet are occupied on average? How much space is unoccupied on average? What areas of the city have the most underutilization of parking spaces?

All those answers would provide valuable data for the city to implement a specific redevelopment policy aimed at the reduction of unutilized parking spaces.

Extend the area of study

This study focused primarily on Eugene. Extending the analysis to the Eugene metropolitan area or the Portland metropolitan area might be helpful to compare the results and findings to determine similarities that may appear.

Moreover, research and analysis conducted in a different area is going to be important to test the validity of findings from this study. Do drive-thru coffee stores in other cities follow similar patters as their Eugene counterparts? Is location (and its

surroundings) the single most relevant determinant for placement of stores? These and many other questions can be answered with an analysis in a different city.

Compare Eugene to other cities policies and codes

Along with carrying the study to another city or metropolitan area, a comparison of the city policies and codes with Eugene's can provide useful insights. It would be helpful to determine what might be an appropriate level of minimum and maximum parking requirements for lots, and it could help understand the phenomenon in other areas.

Analyze the role of banks in setting parking requirements

Banks and other credit institutions require a certain number of parking spaces for new developments in order to grant loans to developers. In such cases, efforts from the city could be pointless if private entities establish their own standards. It would be interesting to find out how these institutions determine the parking requirements and what are their findings based on.

Final Thoughts

This paper focuses in understanding the process of establishing drive thru coffee stores, in particular the rationale behind their location choices and the challenges to be able to operate as businesses. Nonetheless, the paper aims at tackling the issue of redevelopment, in particular in parking lot structures, from a different angle. These stores are one of many examples of innovative private ideas to readapt and reutilize otherwise wasted resources that the public institutions do not seem to acknowledge. The results show that a correct assessment of the actual needs for parking is needed. Establishing

minimum and maximum off-street parking requirements cannot be correctly performed without determining the actual parking demand for parking. The city has shown interest in the past to update its calculations, but good policy will require rigorous studies. The interviews showed that collaborative efforts between the public and the private spheres can achieve greater success and better services for the public.

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